

## Message Text

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61

ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-10 ADP-00 L-03

SCEM-02 CIAE-00 DODE-00 PM-07 H-03 INR-10 NSAE-00

NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15 COME-00

INT-08 TRSE-00 RSR-01 /163 W  
----- 065016

R 271757Z AUG 73

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 9374

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY ATHENS

AMEMBASSY LONDON

AMEMBASSY TRIPOLI

OECD PARIS

USMISSION EC BRUSSELS

C O N F I D E N T I A L BRASILIA 5535

E.O. 11652: GDS

TAGS: ENRG, LY, BR

SUBJ: LIBYAN OIL EXPROPRIATION

REF: STATE 166921, 163502, 166923

1. IN CALL LATE AUG 24 ON SEC GEN CARVALHO E SILVA (WHO WAS ACCOMPANIED BY MINISTER NOGUEIRA BAPTISTA HEAD OF ECONOMIC DEPARTMENT), I DESCRIBED DEVELOPMENTS IN LIBYAN SITUATION, NOTING ESPECIALLY MAJORS' INTENTION TO STAND FIRM THEIR PLANS IN EVENT NATIONALIZATION TO USE ALL LEGAL MEANS AVAILABLE TO FIGHT SALE AND PURCHASE OF CRUDE FROM EXPROPRIATED PROPERTIES, AND WASHINGTON'S STRONG  
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INTENTION TO SUPPORT MAJORS IN CONSTRUCTIVE FASHION.

2. LAYING STRESS ON THE IMPORTANCE OF UNIFIED RESISTANCE BY MAJOR CONSUMING COUNTRIES TO ILLEGAL AND ARBITRARY ACTIONS BY GOL WHICH COULD ONLY PRODUCE FURTHER SPIRAL OF PETROLEUM PRICES, I SAID THAT IT WAS MOST IMPORTANT THAT LIBYAN ACTIONS NOT BE ENCOURAGED THROUGH PURCHASES OF EXPROPRIATED OIL.

3. MY INTERLOCUTORS SEEMED IMPRESSED BY, AND UNEASY ABOUT, THE INCREASING GRAVITY OF THE SITUATION REPRESENTED BY THE EXTENSION OF THE LIBYAN CAMPAIGN TO THE MAJORS, BUT THEY OFFERED NOTHING CONCRETE IN THE WAY OF ASSURANCES OF COOPERATION. THE CLOSEST THEY CAME WAS CARVALHO E SILVA'S OBSERVATION THAT, EVEN IF, HYPOTHETICALLY, BRAZIL WERE TO COOPERATE IN A "BOYCOTT" OF LIBYAN OIL, THERE WOULD BE, IN VIEW OF THE MULTITUDE OF PRIVATE COMPANIES PREPARED TO BUY FROM GOL, NO ASSURANCE THAT THE BOYCOTT WOULD BE EFFECTIVE, WITH THE RESULT THAT BRAZIL WOULD BE LEFT HIGH AND DRY. I REPLIED THAT IT WOULD BE OUR EXPECTATION THAT GOVERNMENTS WOULD BE TAKING MEASURE OF A LEGAL OR MORAL SUASION NATURE WITH SUCH PRIVATE COMPANIES AND THE LEGAL ACTIONS WHICH THE MAJORS WERE DETERMINED TO TAKE WOULD, OF COURSE, ALSO BE OPERATING AS A STRONG DETERRENT. IN RESPONSE TO A QUESTION ABOUT USG ACTIONS WITH RESPECT TO US COMPANIES PURCHASING EXPROPRIATED LIBYAN OIL, I SAID THAT I ASSUMED THAT MORAL SUATION WAS BEING, AND WOULD BE, EXERTED AND THAT, ALTHOUGH I WAS NOT INFORMED ABOUT THE LEGAL POSSIBILITIES OF GOVERNMENT ASSOCIATION IN SUITS, I WAS CONFIDENT THAT THOSE POSSIBILITIES WERE BEING FULLY EXAMINED, GIVEN THE SERIOUSNESS OF THE MATTER.

4. AFTER SOME SPARRING ABOUT THE LEGALITY OF THE LIBYAN EXPROPRIATIONS, ACCOMPLISHED AND POTENTIAL, CARVALHI E SILVA ASSURED ME THAT FOREIGN MINISTER GIBSON BARBOSA, FOLLOWING THE CHARGE DEMARCHE PC AUGUST 3, HAD RAISED

THE MATTER WITH "HIGHER AUTHORITY" AND THAT IT WAS STILL UNDER STUDY. HE SAID THAT MY PRESENTATION WOULD BE TRANSMITTED IMMEDIATELY AND WOULD BE MADE PART OF THE STUDY. CRIMMINS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
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**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, NATIONALIZATION, PETROLEUM INDUSTRY, EMBARGOES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 AUG 1973  
**Decaption Date:** 01 JAN 1960  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** hilburpw  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Disposition Reason:**  
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**Drafter:** n/a  
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**Executive Order:** GS CRIMMINS  
**Errors:** N/A  
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**Secure:** OPEN  
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**Subject:** LIBYAN OIL EXPROPRIATION  
**TAGS:** ENRG, LY, BR, US  
**To:** STATE  
**Type:** TE  
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